

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

Docket No. 2001-865

July 16, 2002

PUBLIC UTILITIES COMMISSION
Re: Rulemaking to Amend
Chapter 204, Basic-Service Calling Area

FURTHER NOTICE OF
RULEMAKING

WELCH, Chairman; DIAMOND and NUGENT, Commissioners

I. SUMMARY

The Commission is initiating this rulemaking to amend Chapter 204 (65-407 CMR 204), Basic-Service Calling Area (BSCA). The BSCA rule establishes the criteria and procedures that the Commission and local exchange carriers who provide basic telephone service in Maine follow to establish and change basic-service calling areas. On January 18, 2002, we issued a Notice of Rulemaking in this docket proposing comprehensive changes to Chapter 204.¹ As a result of comments received and information gathered at a Technical Conference held April 24, 2002, and pursuant to 5 M.R.S.A. § 8052(5)(B), we issue a Further Notice of Rulemaking (FNOR).

We continue to propose most of the previously proposed comprehensive approach, with a few significant modifications. These include adding all contiguous exchanges to the Premium option. We had proposed a third option, Premium Plus, that

¹ On our website at <http://www.state.me.us/mpuc/orders/2001/2001-865nor.pdf> and <http://www.state.me.us/mpuc/rules/Part%202/ch-204proposedrevised.pdf>

would include the contiguous exchanges, service centers, and skipped-over exchanges.² Commenters indicated that pricing would be problematic with the third option. According to the comments, only very few customers make any significant number of calls to the exchanges that would be included in the Premium Plus option, but those customers make a large number of calls, resulting in a high revenue loss per customer. For these reasons, the rate to recover all of the revenue loss from the small number of customers who would be likely to subscribe to the option would need to be extremely high.

We now propose to add contiguous exchanges and service centers to the existing Premium Option with a specific request for comments as to whether those additional exchanges should be included in the Premium or Economy Option. Pricing is our primary concern. Spreading the costs of the expansion over a larger group of subscribers lowers the price. However, the possibility of a price increase for more subscribers who may not desire the expansion is greater if the expansion is included in the Economy option versus the Premium Option.

Commenters, specifically the Office of the Public Advocate (OPA), expressed concern about the pricing of the options and the potential effect on those who make few toll calls or have little desire to call the expanded areas. One of the OPA's suggestions was to make no statewide expansions and instead treat all requests for increased

² A Service Center is a town or city designated by the Maine State Planning Office (SPO) as a regional service center in its rule, Chapter 220, Methodology For Identification of Regional Service Centers. Service Centers are job centers and retail centers, and offer an array of social, cultural, health, and financial services.

BSCA on a case-by-case basis. We are concerned about determining the validity of a large number of such requests without objective and easily ascertainable standards (the standards in proposed section 6 being somewhat subjective) and the implications for processing requests in a timely and consistent manner. Nevertheless, we ask for comments on the OPA suggestion.

Verizon suggested in its comments that collapsing its six rate group classifications into one average statewide rate would eliminate an archaic pricing method that was a part of universal service objectives. The effect was to obtain more revenue from the urban areas of the state to help defray the costs of service in the more rural, high-cost areas. The current difference in residential rates from Rate Group A to Rate Group F is \$2.90 per month. Implementing one rate, however, would result in slightly higher rates for about a third of Verizon's customers. The timing – in conjunction with expansion of the Premium calling area – may make the change more understandable. We ask for comment on Verizon's proposal. We note that rate groups are an artifact of Verizon's Terms and Conditions, approved by the Commission, and are not required by this Rule. Verizon is, of course, free to propose changes to its Terms and Conditions at any time. Verizon has suggested, however, that if the amendments to this Rule result in rate changes, it might be advantageous to eliminate or modify rate groups at the same time.

II. FURTHER PROPOSED AMENDMENTS

This Part of the FNOR contains descriptions of the proposed changes and areas on which we would like specific comment.

2(N). “Premium Plus Calling Option.” We propose to delete the Premium Plus Calling option as a new third BSCA option and include the additional contiguous exchanges, exchanges containing regional service centers – if not already included in the Economy or Premium option – in the current Premium option. We have made numerous changes throughout the proposed rule to reflect the elimination of the Premium Plus option. We propose not to include “skipped over” exchanges in the Premium option. Commenters have suggested that part of the problem with the likely high rates for the Premium Plus option was that we proposed to include too much of a calling area within its scope. In proposing to shift some of the features of Premium Plus to Premium, we propose to eliminate the least important of its original three features (contiguous exchanges, skipped over exchanges and service areas). We have, however, proposed to add skipped over exchanges as a consideration in the standards provision of section 6 (Requests for Changes).

2(S). “Service Center.” A service center is a town or city designated by the Maine State Planning Office (SPO) as a regional service center in Chapter 220 of its Rules, Methodology For Identification of Regional Service Centers. Service Centers are

job centers and retail centers, and offer an array of social, cultural, health, and financial services. Our previous NOR specified the SPO report, "Reviving Service Centers," Vol 1, August 1998. The SPO has since promulgated Chapter 220.

III. PROCEDURES FOR THIS RULEMAKING

This rulemaking will be conducted according to the procedures set forth in 5 M.R.S.A §§ 8051-8064. A public hearing on the proposed amendments will only be conducted if requested by five interested persons. Upon request or on our own motion, we may schedule a technical conference for the purpose of discussing the proposed changes or obtaining further technical and financial information.

Please notify the Public Utilities Commission if special accommodations are needed in order to make any hearing accessible to you by calling 1-207-287-1396 or TTY 1-800-437-1220. Requests for reasonable accommodations must be received 48 hours before the scheduled event.

Written comments on the proposed amendments to Chapter 204 may be filed with the Administrative Director no later than August 26, 2002. Please refer to the Docket Number of this proceeding, Docket No. 2001-865, when submitting comments.

In accordance with 5 M.R.S.A. § 8057-A(1), the fiscal impact of the amendments is expected to be substantial. It is not expected to impose an economic burden on small

businesses. The Commission invites all interested parties to comment on the fiscal impact and all other implications of the proposed amendments. The full text of Chapter 204, the proposed amendments, and this order, may be viewed on the Maine Public Utilities Commission website, <http://www.state.me.us/mpuc>, under "Commission Proceedings."

Notice of this rulemaking will be provided to the following:

1. Incumbent local exchange carriers in the State of Maine;
2. Competitive local exchange carriers and competitive interexchange carriers;
3. The Office of the Public Advocate, State House Station 112, Augusta, Maine, 04333;
4. All people who have filed with the Commission within the past year a written request for any Notice of Rulemaking;
5. The Secretary of State for publication in accordance with 5 M.R.S.A. § 8053(5); and
6. Executive Director of the Legislative Council, State House Station 115, Augusta, Maine 04333 (20 copies)

Accordingly, it is

O R D E R E D

1. That the Administrative Director sends notice of this rulemaking to all the persons listed above and compiles a service list of these persons and any additional persons submitting written comments on the proposed amendments.
2. That the Administrative Director send a copy of the Order Commencing Rulemaking to the Secretary of State for publication in accordance with 5 M.R.S.A. § 8053.

Dated at Augusta, Maine, this 16th day of July 2002.

BY ORDER OF THE COMMISSION

Dennis L. Keschl
Administrative Director

COMMISSIONERS VOTING FOR: Nugent
Diamond